

CALIFORNIA ENERGY COMMISSION

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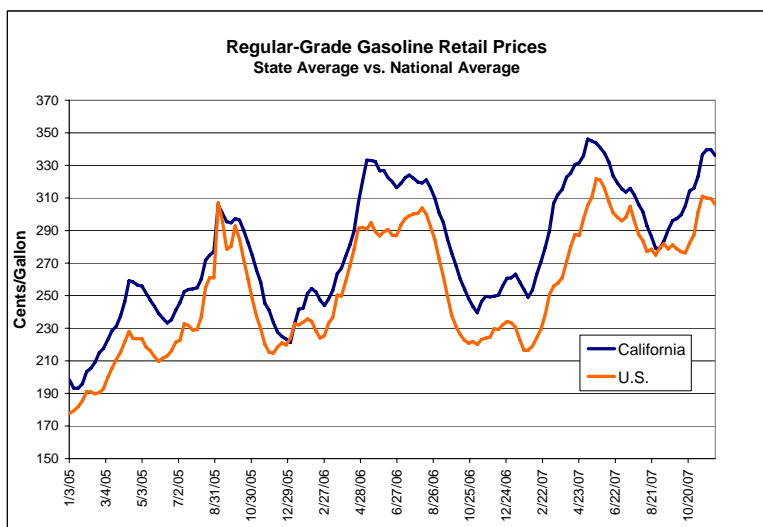
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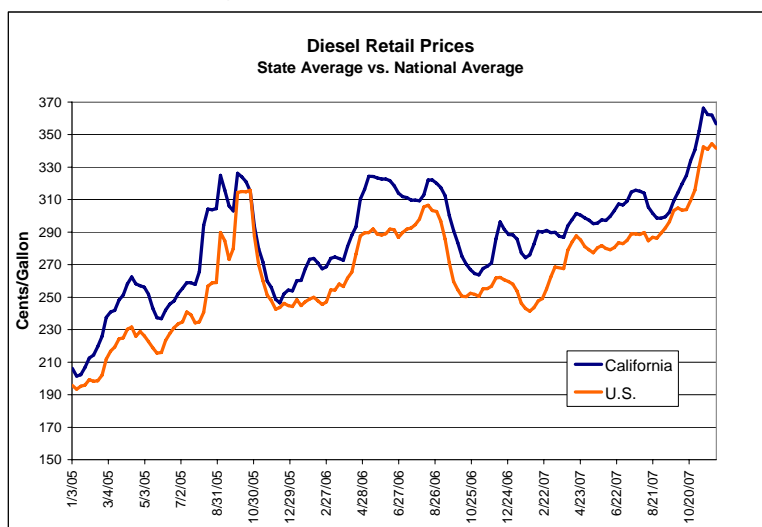
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****December 7, 2007*****Retail Gasoline and Diesel Prices on December 3***

- After 12 consecutive weeks of increasing prices, the average California **retail price for regular-grade gasoline** decreased 4 cents from last week to \$3.36 per gallon, 13 cents higher than the last Petroleum Watch on November 5. Prices are 10 cents less than the record high of \$3.46 on May 7 but 87 cents per gallon higher than the same time last year.ⁱ
- The difference between California and U.S. retail gasoline prices increased 8 cents from our last report on November 5 to 30 cents per gallon. U.S. gasoline prices rose 5 cents since November 5 to \$3.06 per gallon and are 76 cents more than reported this time last year.



- After peaking at a new record high of \$3.66 per gallon on November 12, the average California **retail diesel price** fell to \$3.57 per gallon. Prices are 5 cents less than last week and 5 cents more than our last report on November 5. The U.S. retail diesel price recently peaked at a record high on November 26 of \$3.44 per gallon and has since declined to \$3.42 per gallon, a total increase of 12 cents since November 5. The difference between California and U.S. prices decreased 7 cents since November 5 to 15 cents per gallon.

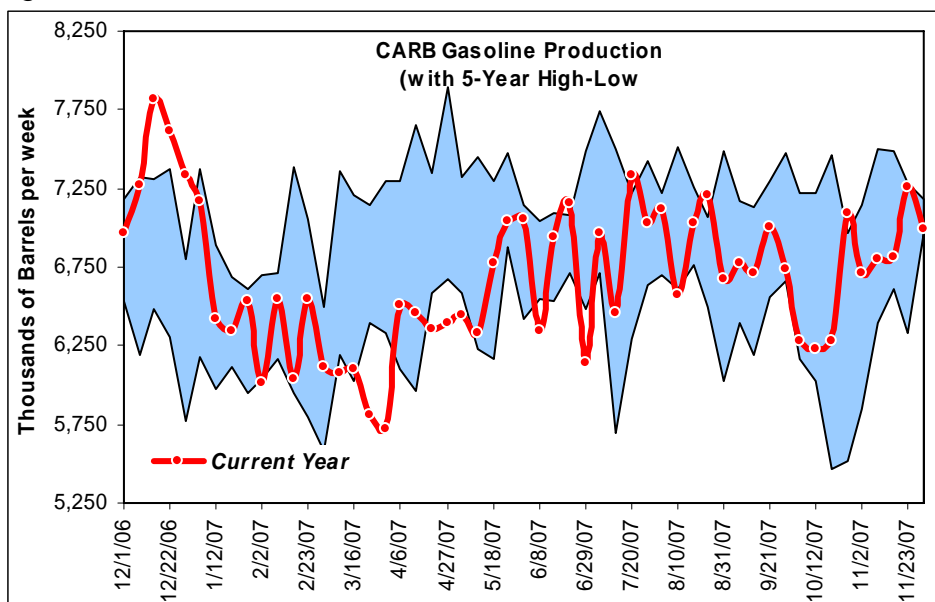


Wholesale Gasoline and Diesel Prices on December 4

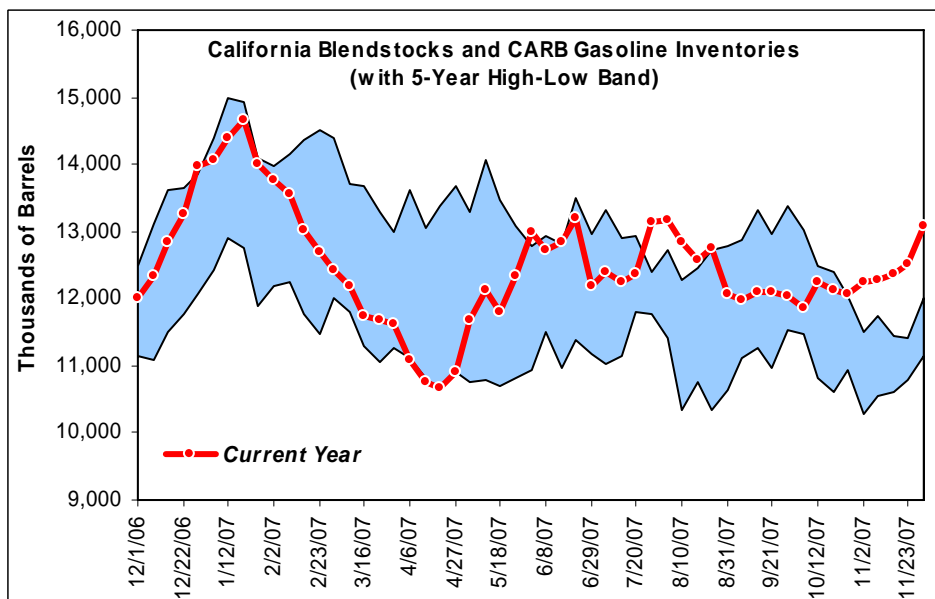
- Despite continued record high crude oil prices in recent weeks, increasing inventories at California refineries have pushed wholesale gasoline and diesel prices downward.
- California spot wholesale gasoline prices for regular-grade reformulated blendstock for oxygenate blending (RBOB) decreased to \$2.33 per gallon, 33 cents per gallon less than the last Petroleum Watch report (November 6) and 57 cents more than on the same day last year.
- Spot prices for RBOB in Los Angeles are 9 cents per gallon more than New York Harbor and 15 cents more than the Gulf Coast.
- California spot **wholesale ultra low-sulfur diesel prices** have decreased since the last Petroleum Watch report to \$2.48 per gallon, 33 cents less than on November 6 and 35 cents more than the same day last year.
- California wholesale ultra low-sulfur diesel prices are 4 cents per gallon less than the Gulf Coast and 11 cents less than New York Harbor, sharply down from 12 cents more than both on November 6.
- California spot gasoline prices ended the reporting week at 15 cents less than California diesel, compared to 14 cents less than diesel on November 6.
- The Energy Information Administration (EIA) weekly report for November 30 shows that **U.S. gasoline demand** decreased 1 percent from the previous week, while distillate demand decreased 1.8 percent from the previous week. The four-week average demand for gasoline is 9.26 million barrels per day, 0.1 percent less than the four-week average at the same time last year. The four-week average for U.S. distillate demand is 4.43 million barrels per day, 2.2 percent more than the same period last year.

Refinery Production and Inventories

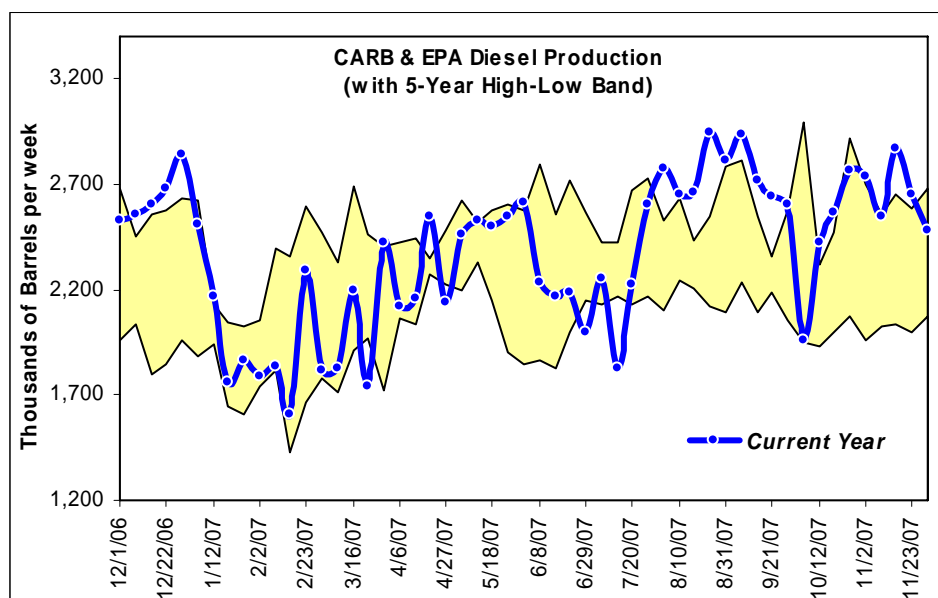
- **Reformulated gasoline production** in California for the week ending November 30 decreased 3.6 percent from the previous week to 7.00 million barrels but is 0.5 percent more than a year ago. Production levels fell to the low end of the five-year range.ⁱⁱ



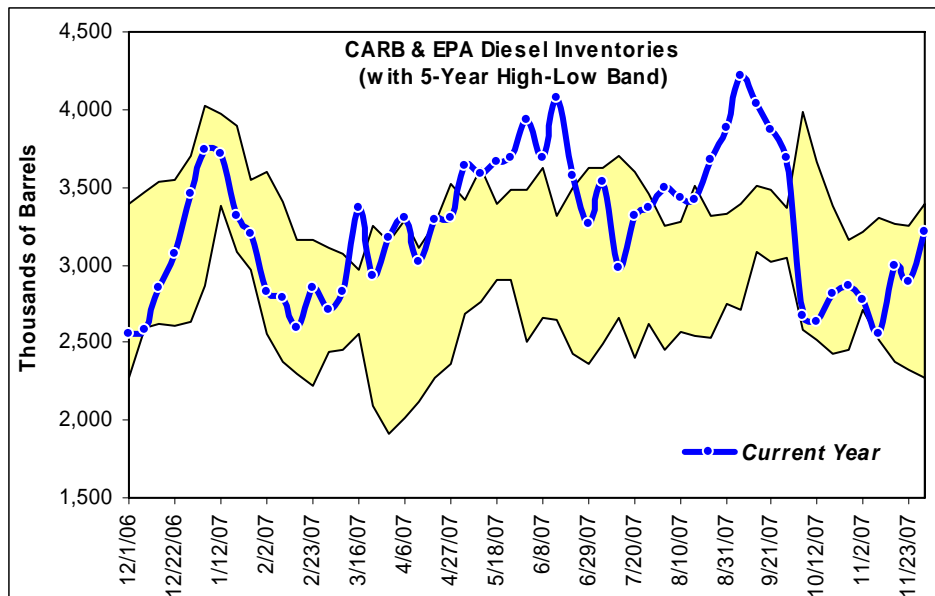
- California reformulated gasoline inventories increased by 10.5 percent last week while gasoline blendstock inventories fell 0.4 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased by 4.6 percent** to 13.09 million barrels, remaining well above the five-year range.



- U.S. gasoline inventories as of November 30 were at 200.6 million barrels, 4.0 million barrels more than the previous week. Inventories increased on the East, Gulf, and West Coasts during the latest week.
- California **ultra low-sulfur diesel production** during the week ending November 30, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, fell to 2.48 million barrels, 6.5 percent less than the previous week but still near the top of the five-year range.

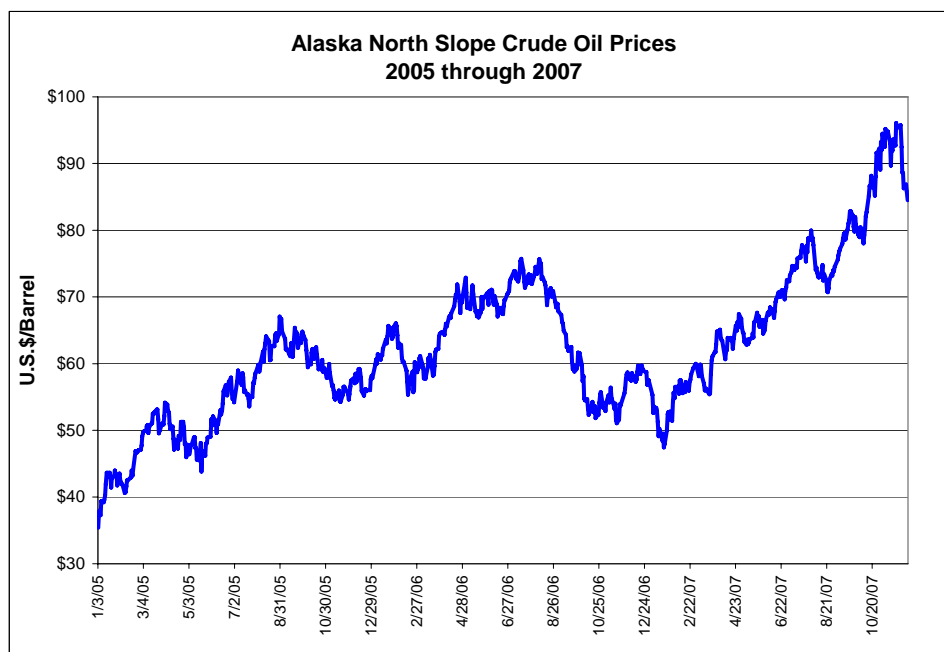


- Combined **ultra low-sulfur diesel inventories** in California increased 10.9 percent from the previous week to 3.21 million barrels, approaching the top of the five-year range. Total U.S. distillate inventories as of November 30 fell to 132.3 million barrels, 1.43 million barrels less than the previous week. Inventories decreased on the East Coast but increased on the West and Gulf Coasts from the previous week.



Crude Oil Prices and Inventories

- Since the last Petroleum Watch report, West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, rose to a record high of \$96.08 per barrel on November 20.ⁱⁱⁱ Further weakness of the U.S. dollar and steadily decreasing U.S. crude oil stocks contributed to the price increases. A pipeline fire and explosion in Minnesota on November 28, which killed two workers and temporarily shut down substantial supplies of Canadian crude to Midwest refineries, caused some panic buying, but the affected pipelines were quickly repaired and restarted. Expectations that OPEC would increase production quotas at their December 5 meeting had also put downward pressure on crude oil prices. However, OPEC decided to leave production levels unchanged, insisting that recent months of spiking oil prices were the result of speculators and geopolitical events and not a lack of supply. Still, the price of ANS crude oil retreated further to \$84.49 on December 5 following surprisingly large U.S. inventory builds for gasoline and diesel.



- U.S. commercial crude oil inventories as of November 30 fell by 7.91 million barrels from the previous week to 305.2 million barrels. Crude oil stocks are 34.5 million barrels less than this time last year and only 145,000 barrels higher than the five-year average. California crude oil stocks fell 3.9 percent from the previous week to 15 million barrels but are 10.2 percent more than last year.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.